

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
JOHNSON COUNTY GAS COMPANY) 2012-00227

O R D E R

On June 4, 2012, Johnson County Gas Company ("Johnson County") filed an application to adjust its Gas Cost Adjustment ("GCA") rate to become effective July 1, 2012. In the Commission's Order for Case No. 2012-00094,¹ the Commission quoted a statement from Johnson County's transmittal letter that, in the future, supplier rates would be \$6.00 per Mcf. On this basis, Johnson County's Expected Gas Cost was prorated so that June volumes from its supplier, Bradco, and the future source of the NiSource volumes, Hall, Stephens, and Hall, were priced at \$6.00 per Mcf. Johnson County was also ordered to provide both supply contracts to the Commission when executed, along with an explanation of the reasonableness of the \$6.00 per Mcf rates given the relatively low current market price for gas. Johnson County's application in this proceeding includes an \$8.50 per Mcf rate for Bradco and a \$4.14 per Mcf rate of unknown origin for NiSource, with no explanation given for the status of its gas supply contracts other than a statement in its transmittal letter that Johnson County is in the process of negotiating contracts.

¹ Case No. 2012-00094, Purchased Gas Adjustment Filing of Johnson County Gas Company (Ky. PSC Apr. 13, 2012).

The Commission is particularly concerned about Johnson County's gas supply contract situation because the utility has declared bankruptcy, and all of its gas suppliers are creditors in that proceeding. The Commission finds that the investigation of Johnson County's gas supply and cost cannot be completed prior to 30 days from the filing date. Based on the June 4, 2012 filing date, the earliest possible effective date of Johnson County's proposed decrease in rates according to the terms of its GCA tariff would be July 1, 2012. Therefore, the Commission will suspend the effective date of the proposed rates for five months from July 1, 2012.

IT IS THEREFORE ORDERED that:

1. Johnson County's proposed rates are suspended for five months from July 1, 2012 up to and including December 1, 2012.

2. a. The information requested in the Appendix attached hereto and incorporated herein is due within 20 days of the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and ten copies to the Commission.

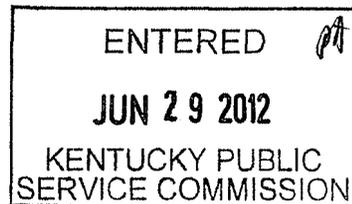
b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

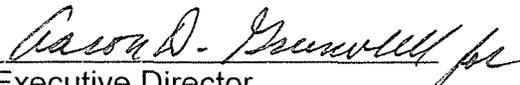
3. Nothing shall prevent the Commission from issuing an Order prior to the end of the suspension period.

By the Commission



Commissioner Breathitt is abstaining from this proceeding.

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00227 DATED JUN 29 2012

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO JOHNSON COUNTY GAS COMPANY

1. Provide copies of all supplier invoices for each month of 2012.
2. Provide proof of payment for each supplier invoice for each month of 2012.
3. Provide Mcf sales and Mcf purchases, by supplier, for each month of 2012.
4. Provide the identity of the supplier of the 4,574 Mcf from the source identified as NiSource shown on Schedule II of the application.
5. Describe the status of supply contract negotiations with Bradco, EQT, and the supplier of the volumes identified as NiSource, and Johnson County's efforts to ensure that it obtains the lowest possible gas cost for its customers.
6. If the supplier of the volumes delivered through NiSource is an affiliate of Johnson County pursuant to KRS 278.010(18), describe Johnson County's efforts to address the statutory concern set out in KRS 278.274(3) to ensure that the price for those volumes is no higher than current market prices for gas which are negotiated at arm's length.

Bud Rife
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